Crisis as a Social Phenomenon:

Looking at Financial Crisis from a Cultural Perspective

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A little more than a year ago, Wednesday September 17, 2008, the traders on the floor of the New York Stock Exchange (NYSE) were supposed to wait for actress Christy Carlson Romano to ring the closing bell, but instead of the glitzy singer-actress appearing as originally planned, a NYSE employee came out on the balcony and pressed the button to end the day's activities without the usual fanfare. That almost marked the beginning of the end, because no one in NYSE was in the mood for laughter and celebration at the end of that fatal Wednesday, for the Wall Street was shaken by a spate of terrible news: all the US indexes were falling, and the Dow Jones lost nearly 450 points, an indication of the huge trouble the financial markets were facing and would continue to face, a stern warning of the catastrophe to come as legible as the writing on the wall.

It did look like the sky was falling down. American banking has had commercial banks and investment banks since 1864, but suddenly some of the biggest players on Wall Street vanished overnight—Lehman Brothers, Merrill Lynch—who would have thought those giants in investment banking could have collapsed by the sheer weight of their bad investments? Comparing the financial crisis with the Great Depression of the 1930s, American business magnate and celebrity Donald Trump told CNN: "I think it has the chance to be the worst period of time since 1929," which turned out to be so tragically true, for not only many banks collapsed, big business corporations went bankrupt, but every taxpayer also feels the pinch as unemployment figures rise, pension funds dwindle, and many people's personal savings gone. One year has now passed, and the financial crisis and recession that affect the entire world economy are still with us, with no clear end in sight.

What's gone wrong? How did it happen? We may recall that the trouble first started to emerge when the mortgage giants Fannie Mae and Freddie Mac were losing so much money that the US government had to bail them out. Before that, however, wasn't it the normal practice for banks and mortgage companies to woo customers to draw mortgage loans and buy houses they actually couldn't afford and shouldn't purchase in the first place? It was a culture that encourages people to live on borrowed money beyond their means. It created a huge bubble of fantasy living

and a false sense of wealth and prosperity. Greed and profits are the only things that drove all those deeds that now look so absurd and irrational. In other words, there is a cultural dimension to the whole financial crisis, a culture of excessive spending and possession to satisfy insatiable desires, of unrealistic hopes of gain and profit that can only be too good to be true. And of course there is also this *après moi le déluge* mentality of utter irresponsibility, of depleting the world's resources for one's use and immediate gratification.

So there is a cultural crisis alongside the financial one, and the two are not so far apart from one another, either. The signs of the cultural crisis are many and complicated, but they share with the financial crisis the root cause of self-interest and self-centeredness that are quite discernible in cultural theories as well as in practice. One indication of this cultural crisis can already be seen more than twenty years ago in Jean-François Lyotard's description of what he called the postmodern condition, which was the condition of knowledge in postindustrial societies where scientific research and knowledge, funded and controlled by the state and multinational corporations, engaged in a language game of which the goal was "no longer truth, but performativity—that is, the best possible input/output equation."[1] Postmodern knowledge seems to have nothing to do with discovery, invention, and what Francis Bacon called, in the early days of modernity, the advancement of learning. In contemporary societies of "perfect information" where data is in principle made accessible to any expert by advanced computer and digital technologies, postmodern knowledge is characterized not by acquiring new facts, additional information, or truth, but by generating new paradigms, new and imaginative ways of arranging the data for better performance and efficiency. So the question for today's "professionalist student, the State, or institutions of higher education," says Lyotard, is "no longer 'Is it true?' but 'What use is it?'" Or more directly and honestly, "Is it saleable?" "Is it efficient?"[2] Looking back today in the thick of a financial crisis, isn't it strange that nobody at the time could see this as deeply pathological? Efficient performance, the best possible input/output ratio or gain, aren't these typically required of all the faceless employees in big businesses and investment banks? Isn't this how a bubble is made out of airy nothing? Truth, facts, reality are all dropped into the dustbin of postmodern theories, and doing research in the postmodern age is, Loytard told us, a game, and a "language game" at that. If you can make your figures look attractive, you win, no matter on what real basis, if any, your figures are calculated. Isn't that how the Bernard Madoffs fabricated their gains to ensnare wealthy investors? Of course, what Loytard described as postmodern knowledge does not directly equate with the how-to techniques of profit-earning, but the hidden connection is precisely what is so revealing about the mesh of the cultural and the social dimensions, the inevitable consequences of cultural theories that dispense with all responsible conceptualization of reality and truth.

Self-interest and group mentality are what constitute the cultural and theoretical side of what Lindsay Waters calls "the age of incommensurability," in which each social group thinks in terms of insiders vs. outsiders, us and them, and ultimately it is always about "our" interests against others, about identity politics. "The notion of the incommensurability of paradigms became," says Waters, "the core idea of identity politics. Incommensurability came to mean not just that people living within one spatial horizon could be free from those living in others; it came to mean that people living in the same time could consider themselves to be utterly different and free from their contemporaries, as long as they could define themselves as occupying different paradigms. Incommensurability became the justification for a resurgent tribalism. Walls went up between peoples, and ready to hand was a fancy justification for constructing those walls."[3] When fragmentation of the society replaced the idea of the melting pot or harmonious relationships of different races and social groups, identity politics becomes the way to argue for one's own group interest, and that is what one finds in much of the academic discourses in Western cultural studies. One may understand in this context why some years ago Samuel Huntington could propose his controversial idea of the conflict of civilizations. That is in a sense the same tendency of self-interest writ large and expanded to the international arena.

As we condemn—and we must—the baleful influence of such ideas and the cultural dimension of social conditions that caused the financial crisis in the West and the globalized world of ours, we must not feel complacent about our "Eastern" moral superiority as though this is all "their" fault. Let us not forget the rampant corruption and moral breakdown so glaringly visible and surfaced, for example, in the scandal of melamine-tainted poisonous milk power and other Chinese dairy products, which shows the same callous and unscrupulous profit-driven business behavior as we see in the scandals on Wall Street. This is not a matter of East versus West, as many narrow-minded nationalists would have it; certainly not the Chinese emphasis on harmony and community interests versus Western self-interest and individualism. In the West, in fact, there has been a great deal of soul-searching and criticism. Recently, on September 16th, Rowan Williams, Archbishop of Canterbury, openly criticized the banking system and said on BBC 2's Newsnight that financiers and bankers have not shown any sign of "repentance." "We haven't heard people saying 'well actually, no, we got it wrong and the whole fundamental principle on which we worked was unreal, was empty.'" He said there is a kind of "diffused resentment" against bankers getting bonuses despite the mess they have created, that they are "somehow getting away with a culture in which the connection between the worth of what you do and the reward you get becomes more obscure."

It is very difficult to change the enormous systematic problem of either the culture or the financial establishment and its way of doing business. Archbishop Rowan Williams mentioned

the "original sin" as the possible cause of the problem, at which BBC's Jeremy Paxman immediately balked and brushed aside with the comment "that is far too complex." It is, and reversing to medieval theological concepts is unlikely to lead to a viable solution. The complexity of the problem, however, precisely needs more analysis and we might as well start making changes in cultural theories as well as in social practice. The crisis is bigger than just the financial one, and it is important to detect the cultural dimension of it to think of possible remedies.

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[1] Jean-François Lyotard, *The Postmodern Condition: A Report on Knowledge*, trans. Geoff Bennington and Brian Massumi (Minneapolis: University of Minnesota Press, 1984), p. 46.
[2] Ibid., p. 51.
[3] Lindsay Waters, "The Age of Incommensurability," *boundary 2* vol. 28, no. 2 (Summer 2001):144.